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SUBJECT: BHUTAN: THE LAND OF THE THUNDER DRAGON PLANS FOR DEMOCRACY

REF: A. NEW DELHI 0202

[¶](#)B. KOLKATA 0376

[¶](#)1. (U) Summary: On a January 31) February 3 trip to Bhutan, SCA/INS desk officer and Poloff met with Bhutanese government officials and political figures to discuss the current political and social climate in the country ahead of its National Assembly (lower house) elections on March 24. Despite certain hurdles, all were confident that Bhutan would make the transition smoothly and peacefully. Silent on reports of Chinese incursions into Bhutan, India continues to hold a grip on Bhutan which interlocutors indicated was largely due to India's economic ties with Bhutan via the purchase of hydropower. The Bhutanese expressed a strong desire to preserve and protect their cultural ways and traditions, reflected in their position to repatriate only the &true8 Bhutanese refugees living in the Nepal camps. Though the move to democracy is remarkable, this Shangri-la faces social challenges such as unemployment and poverty which it will have to grapple with, as most countries do. End Summary.

Lessons Learned: The Election Commission

[¶](#)2. (U) On January 31, Bhutan elected the final five members of the National Council (upper house). (Note: The majority of upper house members were elected on December 31. Embassy officials -- along with Australian and Indian observers -- judged the elections to be free and fair (ref A). Since there were not enough candidates in five districts, polling in those districts was delayed. End Note.) Just under 150,000 people voted during the December polls, a 55 percent turnout. Election Commissioner Phuntsho Namgyel indicated that he expects a higher voter turnout for the National Assembly (lower house) elections. While candidates for the upper house ran as individuals, those seeking seats in the lower house will have party affiliations and will actively campaign throughout the country.

[¶](#)3. (U) In a meeting with the Election Commissioner, Poloffs

discussed the recent election and potential concerns for the upcoming March election. A key issue was voter turnout. Under current guidelines, all voters must cast their ballots in their home district -- often an ancestral village and not their current place of residence. This poses a problem for Bhutan's urbanizing population as the current system does not provide for absentee voting, which is limited to government officials on duty for the election and members of the army. UNDP Resident Representative Nicholas Rosellini also remarked that the requirement to vote in one's home district posed a significant obstacle for many Bhutanese as lack of proper transport infrastructure makes travel from the cities to rural villages a week-long journey at times. Namgyel noted that this might be an area for improvement in future elections, but the Election Commission did not have the resources to accommodate absentee voters in this election cycle.

¶4. (U) Current election guidelines also require all candidates to hold at minimum a bachelor's degree, effectively keeping many Bhutanese -- including local village elders with governing experience -- from standing for election. This requirement led to the disqualification of a third political party and resulted in many National Council seats being filled by young recent college graduates with limited government experience. The Election Commissioner remained committed to the requirement and commented that the requirement would ensure that the country did not produce politicians who are only good at politicking and fail at governance.

Waiting for the Auspicious Day

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¶5. (U) Both parties planned on unveiling manifestos in late January but a lack of astrologically auspicious days delayed the announcements. As a result voters still did not know the major differences between parties. All interlocutors agreed that the majority of Bhutanese voters will vote on a whim this March. Both parties are careful to emphasize their loyalty to the monarchy and their ability to lead Bhutan's transition smoothly. Honorary Consul of Bhutan to the UK and a personal adviser to the Fourth king Michael Rutland commented that a country like Bhutan did not need a party system as the contest is clearly personality driven. Current predictions reveal the Druk Phuensum Tshogpa (DPT) - Bhutan Harmony Party - to be the frontrunner though it faces a strong challenge from the People's Democratic Party (PDP).

The Elephant in the Room: India's Role in Bhutan

¶6. (SBU) In 2007, India and Bhutan revised their long-standing friendship treaty to reflect and strengthen Bhutan's status as an independent and sovereign nation. However, an Ashoka lion -- an ancient symbol of the Indian empire -- prominently displayed in the Election Commissioner's office hinted at New Delhi's continued role in Bhutan's internal affairs. India has been supportive of Bhutan's transition to democracy, sending Indian Administrative Service (IAS) officers as observers for the National Council election and provided voting machines. Several interlocutors commented on the positive relationship between New Delhi and Thimpu. Kesang Wangdi, Director of the Department of Bilateral Affairs at the Ministry of Foreign Affairs highlighted the &fair deal& the Indian government gives Bhutan in terms of purchasing hydropower. This is not a small matter, since geographical constraints leave India as the only market for Bhutanese hydropower, he claimed.

The Dragon Next Door

¶7. (SBU) While commenting on Bhutan's friendly border with

India and the border with China, Secretary of Home Affairs Penden Wangchuk was mum about Bhutan's relationship with Beijing. (Note: The border between Bhutan and China is still not demarcated and disputed in some places. In December 2007, reports of a Chinese incursion into Bhutanese territory made headlines in Indian newspapers (ref B). End Note.) Bhutan does not have diplomatic relations with China and the border, Wangchuck remarked, is officially closed-- although a few yak herders do cross over from time to time.

A Taiwanese Owl and the Bhutanese people

¶18. (U) After commenting on the need of the Bhutanese people to conspicuously display their identity and be proud of their heritage and culture, Wangchuck compared the people of Bhutan to an endangered owl. According to Wangchuck, the Bhutanese people and culture were, like the owl, in danger of extinction in South Asia. This view is reflected in the RGOB's position on ethnic Nepalese Bhutanese living in refugee camps in Nepal.

¶19. (U) All RGOB officials spoken to thanked the US for its efforts to bring about a durable solution to the refugee situation in Nepal. When asked if the RGOB would consider repatriating a few compelling cases, most officials commented that few in the refugee camps were &true8 Bhutanese. During an informal dinner conversation, Rutland suggested that a few elderly couples might be repatriated once the US resettlement process was complete.

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The Economics of Happiness

¶10. (U) Bhutan is known internationally for its commitment to Gross National Happiness (GNH)) a term derived from a Buddhist belief that happiness is more than material wealth. Tourism is limited, industrialization is strictly monitored, and the forests are protected. However, Thimpu is a rapidly changing city, as evidenced by the many ongoing construction projects. Hydropower is also a growing industry which supplies the government with a significant source of revenue. This enables the government to fund the election process (15 million USD) and provide basic services such as education and healthcare to its citizens. However the picture is not completely rosy. UNDP representative Nicholas Rosellini commented that twenty percent of the population lives below the poverty and the rural population still depends heavily on subsistence agriculture. Michael Rutland suggested that much of the economic boom, including the construction and new cars, was more a product of over borrowing than economic prosperity.

¶11. (U) Ministry of Trade and Industry Director Sangay Wangdi highlighted the growing concern of youth unemployment in Bhutan. While Bhutan remains a net importer of low skilled labor, there is a strong need for new economy jobs for Bhutan's (comparatively) highly educated population. Young Bhutanese) often educated abroad in India, the US or the UK -- have few prospects once they return to Bhutan. Rutland echoed this concern noting that the Bhutanese education system has not yet evolved its curriculum in order to train students in the kinds of fields (primarily the service sector, technical and engineering) they will need in order to succeed in the future. The country has a large civil service but it is still impossible for the country to absorb all new graduates in the government. Some are moving to India to work in the country's growing call centers.

Comment

¶12. (SBU) Bhutan can rightly be proud of its thoughtful progress towards democracy. Certainly, when looking at the

immediate neighborhood - Nepal - Bhutan does well by comparison, both socially and politically. Our attempts at informally gauging the feeling of the average Bhutanese yielded mixed results: many Bhutanese are nervous about possible changes they feel may spoil their country, while others are excited for Bhutan.

¶13. (SBU) Nonetheless, an accurate accounting of the country,s situation must make note of the various challenges that it faces and its willingness to address them. These challenges include increasing urbanization, continued political and social representation for Bhutan,s ethnic Nepali population and addressing the development needs of the country,s rural population.

¶14. (SBU) While the Election Commission has done a thorough job of preparing for the country,s first democratic elections, the voting system has some flaws that need addressing, particularly with respect to voter registration and absentee balloting. Election Commissioner Phuntsho Namgyel acknowledged these flaws and we hope the Election Commission will remain committed to addressing them once the first round of elections is complete. The requirement that everyone who stands for election have at least a bachelor,s degree -- a clear impediment to full-fledged democracy -- remains a concern as all interlocutors displayed reluctance to engage on this issue.

End Comment.

MULFORD